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OTHER MATTERS

Implications for the United Nations Development Programme in particular for the Office for Project Services, of recent decisions on administrative reform of the United Nations Secretariat

Report of the task force on the Office for Project Services (OPS)

Note by the Secretary-General

Pursuant to paragraph 9 of General Assembly resolution 47/212 B, the Secretary-General is pleased to submit to the Governing Council the report of his task force on OPS, which he has approved.

The attention of the Governing Council is drawn in particular to the role of the Governing Council in the governance of OPS; the establishment of the OPS Management Board to assist the Secretary-General in providing policy and management direction in the functioning of OPS; and the specific measures envisaged to maintain the competitiveness and effectiveness of OPS.

In his submission to the General Assembly on the subject (A/C.5/47/88, paras. 43-45), the Secretary-General indicated that in establishing new arrangements for the operations of OPS as a distinct semi-autonomous entity located in the Department of Development Support and Management Services, he was "committed to preserving OPS' demonstrated ability to compete successfully as a full-service office, rendering a range of services from a single recruitment to full management of complex development programmes". He added:

> "Several conditions must be met to maintain OPS' competitiveness and relative strengths and to bring greater efficiency and effectiveness to the new structure. In particular, OPS' self-financing principle - the principle of an organization that expands or shrinks with its business - will be retained; that the transition to a new entity will be pursued in such a way as not to disrupt current activities; and the strengths of the

organizational entities concerned will be combined to create a new and stronger organization, thereby eliminating duplication and realizing the potential for economies inherent in such integration."

The Secretary-General trusts that the modalities for the operation of OPS set out in the report of the Task Force effectively address the issues raised by the Governing Council on the subject.

As stressed in the Secretary-General's submission to the General Assembly and in the task force report, an integral component of this new arrangement is the assertion and strengthening of the role of UNDP as the central funding and coordinating body for the operational activities of the United Nations system.

REPORT OF THE TASK FORCE ON THE OFFICE FOR PROJECT SERVICES

I. INTRODUCTION

Following the proposal of the Secretary-General to establish the Office for Project Services as a distinct, semi-autonomous entity located in the Department of Development Support and Management Services, a Task Force under the chairmanship of the Under-Secretary-General for the Department of Development Support and Management Services met between 12 February and 18 May to ensure that the UNDP/OPS current level of performance will be maintained, if not enhanced, in its new setting. The Task Force has taken into account Governing Council decision 93/7 and General Assembly resolution 47/212 B. In reaching conclusions on how best to implement the proposal of the Secretary-General - including the elimination of duplication and the realization of economies of scale - the Task Force has considered carefully the revised budget estimates document (A/C.5/47/88), which includes the functions to be carried out by OPS as well as the requisite conditions for maintaining its competitiveness and efficiency.

The Task Force recommends that the conclusions enumerated below be integrated into a Secretary-General's Bulletin (SGB), formally defining the mandate and functions, governance, and basic authorities of OPS. Bearing in mind that the actual transfer of OPS will take place on 1 January 1994, the SGB (to be issued following General Assembly action) would serve to clarify the semi-autonomous status of OPS and reflect its self-financing principle.

The Task Force furthermore recommends that the OPS Management Board (described below), chaired by the Under-Secretary-General for the Department of Development Support and Management Services begin preparatory meetings on 1 July 1993 in order to ensure that all the necessary elements are in place for the smooth transfer of OPS to the Secretariat on 1 January 1994.

II. MANDATE AND FUNCTIONS

A. The Office for Project Services, a distinct, semi-autonomous and self-financing entity will provide management services and implementation functions for development projects and programmes.

B. The principal functions of OPS shall be:

(1) To provide direct support services and assume implementation responsibilities in the context of national execution for programmes/projects for the building or strengthening of national capacities to plan, manage and implement development policies, programmes and projects;

(2) To provide management services and assume implementation responsibilities (including administrative and operational services) in respect of national programmes and projects for which the United Nations is the executing agency, especially those of a multisectoral nature, until such time as Governments are prepared to take over these responsibilities;

(3) To assume implementation responsibilities for and/or provide management services for projects and programmes financed by multilateral institutions and bilateral donors at the global, regional and national levels, at the request of or in consultation with recipient Governments, as appropriate.

III. GOVERNANCE

It is the Task Force's conclusion that the UNDP Governing Council will provide general policy guidance and direction for the Office for Project Services under the oversight of the Economic and Social Council and the General Assembly. In his function as Chairman of the Management Board of OPS (functions of the Board described below), and on behalf of the Secretary-General, the Under-Secretary-General for the Department of Development Support and Management Services will report on the operations of OPS to the Governing Council and submit for approval a proposed biennial budget for OPS, prior to its consideration by the General Assembly in the context of the United Nations programme budget. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) will submit its comments and recommendations on the budget of OPS to the Governing Council prior to the Council's review.

Establishment of an OPS Management Board

It is also the conclusion of the Task Force that the interests of the United Nations as a whole and those of donor and recipient countries are best served by the establishment of an OPS Management Board. The proposed Terms of Reference have been agreed upon by the Task Force:

Terms of Reference for OPS Management Board

The Board will assist the Secretary-General in providing policy and management direction in the functioning of OPS, bearing in mind the specific mandate of OPS and the role of the Governing Council of UNDP. The Board, to be chaired by the Under-Secretary-General/Department of Development Support and Management Services, who will report to the Governing Council of UNDP and the General Assembly on behalf of the Secretary-General, will include the Administrator/UNDP and the Under-Secretary-General/Department of Administration and Management. The Secretary of the Board will be the Assistant Secretary-General of OPS. The Board of OPS will officially come into being on 1 January 1994.

Functions of the Board will include:

1. Ensuring the implementation of the mandate of OPS;

2. Maintaining and strengthening the functioning of OPS;

3. Ensuring the appropriateness of rules and procedures for the operations of OPS;

4. Reviewing the biennial programme and budget of OPS and related submissions to the UNDP Governing Council, the General Assembly and other bodies;

5. Approving requests from the OPS Director for the establishment, within available income, of additional posts below D-1 to be incorporated in subsequent budget submissions;

6. Ensuring the efficiency of the management, administrative and operational support provided by OPS to users of its services;

7. Guiding the relations of OPS with recipient Governments, United Nations Departments, UNDP, field offices, other United Nations agencies, bilateral donors and international financing institutions;

8. Reviewing and evaluating OPS' performance and effectiveness;

9. Ensuring that adequate central administrative support services are provided to OPS.

IV. BASIC AUTHORITIES FOR OPS

Through examination of existing practices at OPS and DESD and analysis of the specific requirements of OPS in the areas of Personnel, Finance and Procurement, the Task Force has concluded that a number of basic authorities in these areas should rest with OPS. Summarized below, these authorities should be incorporated in the SGB referred to above.

A. Personnel

(1) Because OPS is a self-financing entity, the personnel policies as applied to OPS must enable its size to vary with the size and nature of the Office's business. The staff of OPS shall be appointed under the United Nations Staff Regulations and Rules and such appointments shall be limited to service with OPS. To the extent needed, OPS' personnel requirements will be met through secondments and non-staff contracts, allowing OPS to fulfil changing demands in project implementation without the risk of incurring long-term liabilities for its own or the regular budget of the United Nations.

(2) Efforts will be made to recruit staff on as wide a gecgraphical basis as possible.

(3) OPS will have the authority to recruit and appoint staff within the approved staffing table, up to and including the D-1 level. All efforts will be made to facilitate rotation of staff between OPS and UNDP as well as between OPS and the Secretariat.

(4) OPS will have authority to enter into contracts with all project personnel.

B. Finance

(1) All OPS income shall be kept in a separate account (The "OPS Account") to be established by the Secretary-General of the United Nations in accordance with the United Nations Financial Regulations.

(2) OPS will operate as a self-financing entity. Its operations and activities shall be funded from the OPS Account, without cost being incurred for the regular budget of the United Nations or for that of UNDP. There shall be established a reserve fund to which shall be credited unspent and unobligated income from support costs and fees charged by OPS.

(3) The funds in the OPS Account shall be held and administered solely for the purposes and activities of OPS.

(4) The budget of OPS will be approved by the UNDP Governing Council after review by ACABQ. OPS will have the authority to administer allotments and authorize staffing tables on the basis of the budget approved by the Governing Council. Between sessions of the Governing Council, OPS, through its Board, will have the authority to establish or eliminate posts up to the level of D-1 subject to ex post facto approval of the Governing Council. With respect to certifying and approving authority, OPS will enjoy at least the same arrangement currently in force within UNDP.

(5) OPS will be delegated authority to establish imprest accounts required for the performance of its functions.

(6) Within the context of ensuring compatibility with the development of Integrated Management Information Systems (IMIS), OPS may avail itself of information systems suitable for the management of programmes and projects and the control of project funds with a view to ensuring rapid delivery of service.

(7) Provision of central services by the United Nations Central Administration and/or UNDP will be on the basis of cost effectiveness.

C. Procurement

(1) Subject to paragraphs C(2), C(3) and C(4) below, the Financial Regulations and Rules of the United Nations shall apply to the activities and financial operations of OPS.

(2) Articles VI, XIV, XVI and XVII of the UNDP Financial Regulations and Rules shall apply, mutatis mutandis, to the activities and operations of OPS, subject to review by the OPS Management Board in the light of future experience.

(3) At the request of the Secretary-General, special financial regulations may be established to take account of OPS' special requirements.

(4) The Secretary-General may establish special financial rules to take account of OPS' special requirements after consultation with the Board and with the Advisory Committee for Administrative and Budgetary Questions.

(5) The OPS Director will have the authority to establish project procurement procedures with the advice and consent of the OPS Management Board.

(6) Procurement under the OPS administrative budget would be under the United Nations Financial Rules and its Committee on Contracts. Broad delegation of authority, however, will be granted to OPS in order to rapidly respond to the needs of its business.

V. GENERAL

Analysis of the Task Force in the areas of finance, personnel and procurement confirmed that similar functions currently carried out in the Department of Economic and Social Development could be absorbed in the OPS and would fall within the mandate of OPS.

Finally, the Task Force is in full agreement that an integral component of the restructuring is the reassertion of UNDP's role as a central funding and coordinating body in the operational activities of the United Nations system.